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OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

Efficiency of the Atlanta Network Distribution Center – Processing and Transportation

Report Number NO-AR-13-005

BACKGROUND:

In 2009, the U.S. Postal Service began re-aligning its former bulk mail centers into network distribution centers (NDCs), saving over \$111 million in transportation and processing costs. There are 21 NDCs nationwide, mainly responsible for sorting and transporting Standard, Periodicals, and Package services. Our objective was to evaluate the efficiency of the Atlanta NDC mail processing and transportation operations.

WHAT THE OIG FOUND:

Atlanta NDC operations and associated transportation to and from the Memphis NDC could be more efficient. The Atlanta NDC did not attain the average productivity of those NDCs above median productivity. Consequently, the Atlanta NDC used about 130,300 more workhours than necessary. If the Postal Service eliminated these workhours, there would be an annual labor cost avoidance of about \$5.2 million.

We also found that some mail was being unnecessarily transported from the Atlanta NDC and that space in mail transport equipment, such as over-the-road containers, were underutilized. In addition, overall transportation between the Atlanta and Memphis NDCs, and transportation from some feeder processing plants to the Memphis NDC

was underutilized. Finally, we observed some mail transport equipment was not properly restrained by straps for transportation to and from the NDCs.

Officials were not always following NDC guidelines for properly sorting, labeling, and consolidating mail. In addition, officials did not fully analyze existing transportation among NDCs and feeder facilities. We estimate the Postal Service could save about \$2.8 million annually in transportation costs by complying with NDC guidelines and combining or eliminating some trips.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Capital Metro Area, improve the efficiency of the Atlanta NDC's processing operations by attaining the average productivity of all above-median NDCs. We also recommended the vice presidents, Southern, Capital Metro, and Eastern areas, remove unnecessary highway contract route transportation associated with the Atlanta and Memphis NDCs, reinforce field compliance with NDC guidelines, and realign and reinforce existing safety procedures for restraint of mail transport equipment in trailers.